



Stephen Jann, Chief
Underground Injection Control Branch
U.S. EPA Region 5 (WU-16J)
77 W. Jackson
Chicago, IL 60604

September 18, 2018

RE: Energex Petroleum (USA) LLC

Dear Mr. Jann:

UPDATE to our letter to you dated July 27, 2018

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SEP 25 2018

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As previously outlined, a lot of work has gone into the injection application process by both EPA and Energex. The Lanphar 1-12 injection well will enable Energex to significantly increase the hydrocarbon recoveries from the pool. For the past several months our team has been working hard to re-establish production at the Addison site. As is not uncommon, several unforeseen obstacles were encountered in achieving our goals. This necessitated additional expenses that have cut into the funds we had earmarked to increase the amount of the "financial assurance instrument" to the fully funded levels requested by the EPA. The positive of this is that the use of those funds has allowed us to put the Addison 12 facility back into operation which will give us the positive results necessary to go back to our investors, explain what happened, and seek the additional funding required to top up our "financial assurance instrument" to the levels requested by the EPA.

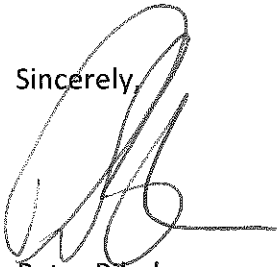
Based on the above, we request a further, and last, 60 day extension for Energex to provide the required funding and other details requested to the EPA. We propose providing the information outlined below by Friday, November 23, 2018:

- Proof of a fully funded financial assurance instrument that covers the sum of the cost of all wells on the bond (when a blanket bond is used). Fully-funded in this case means the sum of the full closure costs for EPA-permitted wells and whatever amount is required by the State for other wells on the bond.

- A list of all wells covered by the financial instrument with their closure cost estimates, or, if they are State-permitted wells, their required bonding amount for closure.

I would like to thank you in advance for your continued work with us on this matter. If there are any additional questions please do not hesitate to contact myself or Duncan Hamilton.

Sincerely,

A handwritten signature in black ink, appearing to be 'PB', with a horizontal line extending to the right.

Peter Bilodeau,
Chief Executive Officer

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